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IMMEDIATE RELEASE

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CLINTON ADMINISTRATION PROVIDES ADDITIONAL \$30-40 MILLION IN PLAN TO IMPROVE COMPETITIVENESS OF U. S. ELECTRONIC PACKAGING INDUSTRIES

Secretary of Defense William J. Perry and Commerce Secretary Ronald H. Brown announced today the joint release of a report outlining the Clinton Administration's strategy for enhancing the competitiveness of U. S. electronic packaging industries. The report contains an action plan calling for a new \$30-40 million Defense-led R&D program on low cost electronic packaging to be used in both military and commercial applications. Because the program is cost-shared with industry, this should stimulate at least \$60 to 80 million in new technology investments.

In response to a request from President Clinton in October 1993, an interagency working group was established to develop a national strategy and action plan that would help make the U. S. electronic packaging industries more competitive. The interagency group, led by DoD and Commerce, included the Department of Energy, the National Aeronautics and Space Administration, the U. S. Trade Representative, the Office of Management and Budget, the Council of Economic Advisors, the Office of Science and Technology Policy, the National Security Council, and the National Economic Council.

Electronic packaging is a primary determinant of performance, size, weight, and reliability in electronic systems. Increasingly, it is also a source of competitive advantage for products manufactured by U. S. electronics companies.

Secretary Perry said, "Defense needs are best served by ensuring that the U. S. maintains a viable domestic electronics packaging industry, capable of sustaining itself on the leading edge of technology and providing high quality, low cost manufacturing." According to the report, the U. S. now lags in key packaging technologies. In 1993, there were no U. S. companies in the top 10 merchant suppliers of packaging materials, and only one U. S. equipment supplier in the top 10.

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Commenting on today's report, Secretary Brown said, "This initiative is an important step in building the strategic alliance between government and industry that will enable U. S. leadership in technologies critical to U. S. competitiveness. Secretary Perry and I will work closely with other federal agencies to strengthen our domestic electronic packaging industries, which are critical to a competitive electronics industry."

According to the report, the U. S. government is currently investing about \$150 million annually in electronic packaging R&D. Roughly two-thirds of these expenditures are found in DoD technology programs.

The report's action plan includes the following initiatives:

- The Administration will establish an interagency specialists' group, chaired by DoD's Advanced Research Projects Agency (ARPA), to work with industry to develop a set of National R&D priorities and a technical roadmap that will lead to U. S. leadership in electronic packaging.
- The government will work with the semiconductor industry to expand the SEMATECH (Semiconductor Manufacturing Technology) consortium's electronic packaging programs to address a broader range of nearer-term packaging priorities.
- The Administration will support the expansion of the supplier qualification program established by SEMATECH to address all areas of electronic packaging critical to the semiconductor industry.
- The Administration will fund a new \$30-40 million initiative to stimulate R&D in low cost electronic packaging. This interagency initiative, led by ARPA and administered through the Technology Reinvestment Project, should lead to at least \$60-80 million of new electronic packaging technology investments, since the program is cost-shared with industry. All packaging alternatives proposed by industry-led teams committed to high volume domestic manufacturing will be considered.

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- The Administration will continue to support ongoing federal R&D programs that are maintaining U. S. leadership in high performance packaging technologies as well as critical enablers such as design, test, and reliability. It will also continue support for basic materials and process R&D which are essential for long-term technology leadership.
- The Administration will work with industry to eliminate any artificial barriers between the defense and commercial markets. This will assure that U. S. vendors have maximum access to the defense markets and R&D and will allow the DoD and other government customers to take advantage of the economies of scale and increased efficiency provided by the commercial market.

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NOTE: Copies of the report, entitled "Enhancing the Competitiveness of the U. S. Electronic Packaging Industries," are available for the media in the DoD Directorate for Defense Information. The point of contact is Glenn Flood, (703) 695-0192.